



AFFORDABLE CARE ACT MASSACHUSETTS IMPLEMENTATION UPDATE

February 1, 2012

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These Updates, published by the Executive Office of Health and Human Services (EOHHS) in consultation with the other state agencies involved in ACA implementation, will bring you news related to the implementation of provisions of the ACA here in Massachusetts.

Guidance

2/1/12 CMS filed a correction of a final rule that updates Medicare payment policies and rates for general acute care hospitals and long-term care hospitals for inpatient stays in FY 2012. The document corrects technical errors that occurred in the Addendum of the final rule entitled "Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Fiscal Year 2012 Rates" which appeared in the August 18, 2011 Federal Register. The final rule also supports efforts to promote ongoing improvements in hospital care that will lead to better patient outcomes while addressing long-term health care cost growth. The rule also includes an ACA requirement to implement a Hospital Readmissions Reduction Program that will reduce payments beginning in FY 2013 (for discharges on or after 10/1/12) to certain hospitals that have excess readmissions for certain selected conditions.

Read the correction of the final rule at: <http://www.gpo.gov/fdsys/pkg/FR-2012-02-01/pdf/2012-2220.pdf>

Read the final rule at: <http://www.gpo.gov/fdsys/pkg/FR-2011-08-18/pdf/2011-19719.pdf>

1/30/12 CMS is requesting information regarding the Reinsurance Program under §1341 of the ACA which provides that each state must establish a transitional reinsurance program to help stabilize premiums for coverage in the individual market during the first three years of Insurance Exchange operation (2014-2016). The notice requests information (RFI) to gain market information on entities that could administer a transitional reinsurance program. According to the notice, CMS or one or more states may contract for services required to fulfill the statutory and regulatory requirements of the reinsurance entity. The reinsurance program, which is a state-based program, will reduce the uncertainty of insurance risk in the individual market by making payments for high-cost cases. CMS published proposed rules for states and health insurance issuers for the reinsurance

program on July 15, 2011. Read the proposed rule at: <http://www.gpo.gov/fdsys/pkg/FR-2011-07-15/pdf/2011-17609.pdf>

Comments on the RFI are due February 29, 2012.

Read the RFI at: <http://www.gpo.gov/fdsys/pkg/FR-2012-01-30/pdf/2012-1944.pdf>

1/25/12 CCIIO released a document "Essential Health Benefits: Illustrative List of the Largest Three Small Group Products by State" which provides information complimentary to the agency's December 2011 Essential Health Benefits (EHB) bulletin of the kinds of benchmark plans that states could consider when formulating their EHB packages. The document provides a list of the products with the three largest enrollments in the small group market in each state using data from HealthCare.gov. It provides the names of the three largest products in each state ranked by enrollment. In addition, the document includes a list of the top three nationally available Federal Employee Health Benefit Program (FEHBP) plans based on enrollment.

Under CCIIO's intended regulatory approach, which was outlined in the December 2011 bulletin, states would have the flexibility to select an existing health plan to set the "benchmark" for the ten statutory categories of items and services that must be included as a part of EHB as required by ACA § 1302(b). The four plan options were: one of the three largest small group market plans, one of the three largest state employee health benefit plans, one of the three largest national FEHBP plans, or the state's largest insured commercial HMO. Read the "Essential Health Benefits: Illustrative List of the Largest Three Small Group Products by State" document at: [CCIIO](#)

Read the December 2011 EHB Bulletin at:
<http://cciio.cms.gov/resources/regulations/index.html#hie>

News

1/27/12 HHS/CCIIO rejected a request from Texas for a waiver which would have allowed insurers in that state to phase in the ACA's medical loss ratio (MLR) requirements.

The ACA allows the Secretary to adjust the medical loss ratio (MLR) standard for a state if it is determined that meeting the 80% MLR standard may destabilize the individual insurance market. In order to qualify for this adjustment, a state must demonstrate that requiring insurers in its individual market to meet the 80% MLR has a likelihood of destabilizing the individual market and result in fewer choices for consumers. As part of the ACA, if insurers fall short of the standards in 2011, they'll have to issue rebates for that amount in 2012.

Texas requested an adjustment of the MLR standard to 74% this year, followed by 77% next year. CCIIO determined that no adjustment to the MLR standard in Texas is necessary because almost all of the insurers in Texas's individual market either already meet the 80% threshold, have indicated they will not exit the market, are sufficiently profitable to provide rebate payments if they fail to meet the 80% MLR standard, or are adapting their business models in order to provide consumers better value for their premium dollar.

HHS has approved waivers for Georgia, Iowa, Kentucky, Maine, Nevada, and New Hampshire. HHS has denied requests from Oklahoma, Kansas, Florida, Michigan, Indiana, Louisiana, North Dakota and Delaware. In September HHS denied Guam's request saying the rules in question don't apply to the insurance markets in Guam. The other states that have applied and are awaiting determinations include: North Carolina and Wisconsin.

For more information on states and the MLR requirements visit the Center for Consumer Information and Insurance Oversight (CCIIO) website at:

<http://cciio.cms.gov/programs/marketreforms/mlr/index.html>

1/26/12 CMS held the Care Innovations Summit, a day-long meeting which brought together over 1,000 medical professionals, health care policymakers, academics, investors and government leaders to discuss ways to collaborate and improve the quality of health care at lower cost through continuous improvement. The event was hosted jointly with the West Wireless Health Institute and the journal Health Affairs.

Speakers included: Former CMS Administrator, Donald M. Berwick; Acting CMS Administrator, Marilyn Tavenner; CMMI Director, Rick Gilfillan, MD; Deputy Administrator and Director for the Center of Medicare at CMS, Jonathan Blum; Deputy Administrator Director CMS, Cindy Mann; Editor-in-Chief, Health Affairs, Susan Dentzer; and surgeon, writer and former Clinton health aide, Atul Gawande.

Discussion and panel topics included: Care Delivery/Primary Care Innovation Case Study, Care Delivery/Chronic Disease Innovation Case Study, Cancer: Journey Toward Better Health, Better Care and Lower Costs Case Study.

CMS also released a report "One Year of Innovation: Taking Action to Improve Care and Reduce Costs" which highlights the success of the Center for Medicare and Medicaid Innovation (The Innovation Center). Created by §3021 of ACA, the Innovation Center has launched several demonstration projects aimed at testing and supporting innovative new health care models that can reduce costs and strengthen the quality of health care.

Read the press release about the summit at:

<http://www.hhs.gov/news/press/2012pres/01/20120126a.html>

Read the Innovation Center report at:

http://innovations.cms.gov/documents/pdf/CMMIreport_508.pdf

Upcoming Events

Integrating Medicare and Medicaid for Dual Eligible Individuals Open Meeting

February 6, 2012, 10:30 AM -12:30 PM

State Transportation Building, Conference Rooms 2 & 3

10 Park Plaza, Boston, MA

The purpose of this open meeting will be to discuss changes MassHealth is making to the draft Demonstration Proposal on Integrated Medicare and Medicaid for Dual Eligible Individuals. The draft proposal was posted on Dec. 7, 2011, for a public comment period ending January 10, 2012.

We welcome attendance from all stakeholders and members of the public with interest in this proposed Demonstration. Reasonable accommodations will be made for participants who need assistance. Please send your request for accommodations or RSVP to Donna Kymalainen at Donna.Kymalainen@state.ma.us.

Information Session for Entities that may be interested in serving as Integrated Care Organizations (ICOs)

February 1, 2012, 2 PM - 4 PM

One Ashburton Place, 21st Floor

Boston, MA

The Centers for Medicare & Medicaid Services (CMS) has released technical Guidance for

Organizations Interested in Offering Capitated Financial Alignment Demonstration Plans, which will include entities interested in serving as Integrated Care Organizations (ICOs) in Massachusetts' State Demonstration to Integrate Care for Dual Eligibles. This information includes some important steps that must be completed by prospective ICOs.

This preparation does not obligate you, MassHealth, or CMS to participate in the demonstration. Pending CMS approval of the demonstration, MassHealth and CMS anticipate releasing a Request for Proposals to select the ICOs that will participate.

If you are interested in potentially serving as an ICO in the Massachusetts duals demonstration, it is important that you understand federal ICO requirements. ***Prospective ICOs will need to complete certain steps to comply with federal requirements before the Massachusetts RFP is released.***

On February 1, 2012, representatives from CMS will join MassHealth at an information session to discuss federal requirements and processes with potential ICO participants.

The documents that CMS is distributing can be found on the Integrating Medicare and Medicaid for Dual Eligible Individuals website under Open Meetings at:

<http://www.mass.gov/eohhs/docs/eohhs/healthcare-reform/cms-capitated-financial-alignment-guidance.pdf>

Quarterly Affordable Care Act Implementation Stakeholder Meeting

Monday, March 12, 2012 from 2PM- 3PM

1 Ashburton Place, 21st Floor

Boston, MA

Money Follows the Person (MFP) Working Group

Thursday, February 2, 2012 from 2 PM - 3:30 PM

Saxe Conference Room

Worcester Public Library

3 Salem Square

Worcester, MA

Please contact MFP@state.ma.us to attend the MFP meetings and to request reasonable accommodations.

More information on MFP can be found at: [Money Follows the Person](#)

Bookmark the **Massachusetts National Health Care Reform website**

at: <http://mass.gov/national health reform> to read updates on ACA implementation in Massachusetts.

Remember to check <http://mass.gov/masshealth/duals> for information on the **"Integrating Medicare and Medicaid for Dual Eligible Individuals"** initiative.